

# DEFAULT DIGEST

May, 2014

Issue #4



## A Message From the Editor

Happy Spring Everyone! I hope you all are well and enjoying the sunshine and warmer weather!

Remember the [Huntington Continental Townhouse Association v. The JM Trust Case](#) that came out of nowhere earlier this year??? How can we forget, right? One minute the HOA can refuse a partial payment if it doesn't bring the account "whole" (including late charges, interest & collection fees and costs). The next minute the HOA has to accept any partial payment that a homeowner submits even if it doesn't bring the account whole.



My first thought was, "How is this going to affect the HOA's ability to collect other fees, such as late charges, interest and collection fees and costs?" If a homeowner's account does not exceed 12 months or \$1,800 in delinquent assessments and/or late charges, the HOA can't foreclose. If the remaining balance owing on a homeowner's account is for collection fees and costs, the HOA would have to file suit to collect the remaining amounts or hope that by leaving the lien of record, the debt is resolved when a sale or refinance of the property takes place.

The case has now been transferred to the Court of Appeal. The case will be final in September 2014. The industry consensus seems to be that the case was effectively "de-published". Until a definitive ruling is made, there is nothing that prohibits the HOA from accepting partial payments and continuing with the collection process. However, the decision as to whether or not to accept a partial payment is still a decision that should be discussed with the HOA's attorney.

We will keep you posted with any developments that occur in this case.

Please do not hesitate to contact me with any questions.

**Jennifer Kennick**  
Senior Vice President

## Upcoming events

**May 21:** CAI Los Angeles Luncheon ([link](#))

**May 22:** CAI Greater Inland Empire Mini Tradeshow Luncheon ([link](#))

**May 28:** CAI OC Spring forum ([link](#))

**May 29:** CAI Bay Area Northern California Meet the Manager ([link](#))

**June 4:** CAI San Diego Mini Tradeshow ([link](#))

**June 5:** CACM Orange County Luncheon ([link](#))

**June 6:** CAI East Bay luncheon ([link](#))

**June 12:** CAI CIC Pismo Beach Program ([link](#))

**June 16:** CAI LA Golf Tournament ([link](#))

**June 17:** Educational Luncheon & Tradeshow ([link](#))

**June 21:** CAI Greater Inland Empire Monte Carlo Night ([link](#))

**June 25:** CAI GLAC Educational Luncheon ([link](#))

**June 27:** CAI Coachella Valley Bowling Tournament ([link](#))

# Is Your HOA Stuck With Too Many Delinquencies?

By: **Alisher Sabirov**

Lately, I have met quite a few Associations that are stuck with seriously delinquent accounts and don't know how or if they should proceed with the collection process. I find that the main reason for stalling the process is fear that the HOA will end up with an invoice from the collection company. Many managers and board members have also expressed that their collection companies don't communicate with them. What should the board do in such cases?



If the board finds that the services of the collection company are not up to the board's satisfaction, the board should start looking for a new collection company.

First and foremost I would recommend reviewing the success rate of the collection company. How many accounts have been referred to the collection company over a period of 12-18 months? How many accounts have been successfully collected versus how much the HOA paid to the collection company?

In my professional opinion, a collection company should be a member of the **Community Associations Institute (CAI)** and the **California Association of Community Managers (CACM)**. These are reputable organizations geared specifically towards HOA's and property managers.

Before making a decision, I strongly recommend that the HOA request a presentation from the potential collection company. At the presentation, the board members can direct their questions and concerns directly to the company's representative.

1. How long has the company been processing collections?
2. Is a deposit required to start the collection process?
3. Will the collection company be charging for the phone calls or inquiries from managers or board members?

S.B.S. has the right answers to all of your questions!!!

S.B.S. Lien Services has been providing collection services throughout the state of California for over 30 years. We have an **85%** success rate in collecting delinquent assessments. \$6 million in assessments were collected in 2012 and \$8 million in 2013. All at no charge to the HOA!

There is **NO DEPOSIT REQUIRED TO START THE COLLECTION PROCESS**. All fees and costs incurred by S.B.S. are based on our set fee schedule and are billed directly to the homeowner. Fees and costs will only be invoiced to the HOA if the result of the collection action is if a senior lender forecloses or the HOA completes their foreclosure action.

Please contact me at [asabirov@liencollections.com](mailto:asabirov@liencollections.com) or at 323-356-6889 to schedule a presentation.

**Alisher**



**Lien Collections at  
NO COST to the  
HOA?  
REALLY?  
WHAT'S THE  
CATCH?**

**THERE IS A CATCH!**

You may have been offered collection services for FREE - WE SUGGEST THAT YOU READ THE FINE PRINT.

**"NO COST" may end up being a HIGH PRICE TO PAY**

**[CLICK HERE TO LEARN MORE](#)**



## The Importance & Leverage of a Lien

By: Annissa Young

In the world of the non-judicial collection process, we have noticed a massive increase in the following over the last 2 years:



- 1) Short Sales
- 2) Loan Modifications
- 3) Escrow Transactions
- 4) Transferring of ownership through a private sale
- 5) Current owner(s) granting property to another party as a gift
- 6) Bankruptcy filings ( Chapter 7, 13, and 11)

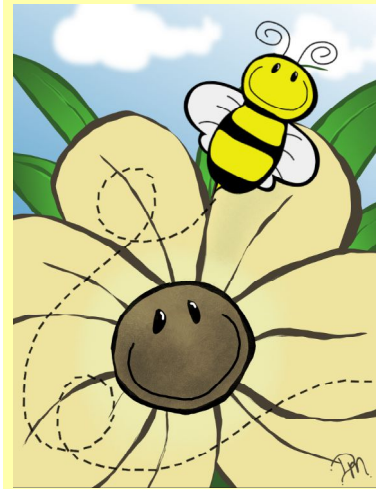
No matter which of these options the owner chooses in an effort to stop the collection process, it can have a negative or positive impact on the Association. **Of course we all want a positive impact for the Association.**

If the Association does the bare minimum to secure its interest by recording a "**LIEN**" against the property, this places the Association in a good position should any of the above transpire. If the Association's lien records first, this is your leverage that gives the ability to collect for the full amount owed by the owner to the Association. **What a positive impact!** No lien, no leverage = write off(s), which is a negative impact on the Association.

As you see, the lien is important! This is why S.B.S. urges the Association to start the non-judicial collection process as soon as possible. They can gain the **leverage** of the lien which secures their interest in the property.

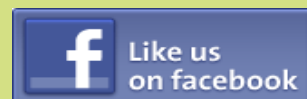
Contact me at [ayoung@liencollections.com](mailto:ayoung@liencollections.com) or 818-991-4600 x217 with any questions you might have.

*Annissa*



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Services!**



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important industry  
updates, info. and  
even a chance to  
win prizes!

Contact us to schedule a "Lunch & Learn" presentation for your management company!



Click the image above to contact us today!

## Meet Alyssa Chordigian

My name is Alyssa Chordigian. I have been a part of the S.B.S team for over 5 years.

My primary role consists of managing payment plans. I take pride in facilitating the resolution of delinquent accounts for not only our clients, but the homeowners as well.



I am a philosophy major and am very fond of large breed dogs, food, reading, classic rock, and death metal. I enjoy spending my free time fishing with my dad and dirt bike riding. In closing, I would like to share the following quote:

"All things are subject to interpretation; whichever interpretation prevails at a given time is a function of power and not truth." - Friedrich Nietzsche

*Alyssa*

### One of our favorite quotes:

***"Train your mind to see the good in everything." ~Anonymous***

Check our Facebook page every week for more inspiring quotes!



### FUN FACTS ABOUT SPRING:

\* The first day of spring (March 20) is called the vernal equinox, which basically means that it is one of only two days each year when the sun passes directly over the equator.

\* The days are longer during the spring and summer months because the earth's axis is tilted toward the sun during that time period and away from it during the winter.

\* "Spring fever" is,

according to medical experts, more than just a mood. In fact, a person's body makeup often changes during spring because of variations in diet and levels of physical activity.

\* Although the flowering plants most associated with the season are daffodils, tulips and lilies, in fact, the first bloom to appear in spring is usually the common dandelion.

\* Most baby animals born in the spring instinctively know how to get along in the world. Even baby birds are born knowing how to sing, however, it takes them 10 to 60 days to learn to sing the specific notes associated with their individual species.